UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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In Re: **CORE EDUCATIONAL AND CONSULTING SOLUTIONS, INC.**, Debtor.	Case No. 17-14992 Chapter 11 Judge: Hon. Michael B. Kaplan

VERIFIED APPLICATION IN SUPPORT OF DEBTOR'S MOTION FOR AUTHORIZATION TO USE CASH COLLATERAL

The Debtor, Core Educational and Consulting Solutions, Inc., by and through its attorneys, Broege, Neumann, Fischer & Shaver, LLC, hereby requests that the Court enter an Order allow it to utilize cash collateral, and in support thereof, states:

JURISDICTION

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334.
2. Venue of these cases and this Motion are proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
3. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(M).
4. The statutory basis for the relief requested herein are sections 105(a), 363, of the Bankruptcy Code and Rule 6003 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

BACKGROUND

5. On March 15, 2017 Core Educational and Consulting Solutions, Inc. (the "**Debtor**"), filed a petition for relief under Chapter 11 of the Bankruptcy Code.

6. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtor is continuing in the management of its businesses and possession of its property as a debtor in possession. No trustee, examiner or creditors' committee has been appointed in the Chapter 11 Case.

7. The Debtor currently owns and operates a business that works with schools, districts and statewide agencies. It integrates and optimizes formative assessment solutions, technology infrastructure, management applications, special education compliance, outsourced staffing solutions and technical career education programs. There are three components to the Debtor's business: (1) educational software sales to governmental entities; (2) computer hardware sales; (3) non-educational software sales to private industry.

8. The Debtor's principal place of business is in Princeton, New Jersey where it employs approximately 18 people. It also has an office in Atlanta, Georgia staffed by approximately 6 people.

9. The Debtor's parent company Core Educational and Consulting Solutions PTE, Ltd. is a limited liability company incorporated under the laws of Singapore. It in turn is wholly owned by Core Education & Technology, Ltd., a limited liability company incorporated under the laws of India. The entire group experienced a downturn which was industry wide beginning in February of 2013. This had a negative effect on all subsidiary companies, including the Debtor, and as a result, various senior management employees

resigned from the Debtor's operating divisions. This lead to a sharp decline in revenue between 2012 and 2016. As a result, the Debtor became delinquent in its obligations to its creditors, and its operations hampered by creditors filing suit and levying on the Debtor's assets.

10. The Debtor leases its office space in Princeton and Atlanta from unrelated third parties. It owns no real property. The Debtor also owns copyrights and trademarks of unknown value.

11. The Debtor's other principal assets are accounts receivable ("**AR**") and cash on banks. The Debtor's has prepared cash flow projections of its ordinary operating expenses (the "**Budget**") through September of 2017 which show total cash and AR of $755,887 as of the Petition Date and $803,209 as of the end of September (**Exhibit A**).

12. The AR and cash in banks may constitute cash collateral as defined in section 363(a) of the Bankruptcy Code ("**Cash Collateral**").

13. The Debtor also has a pending suit against a group of former employees who defected.

14. The Debtor is cognizant of its obligation to adequately protect the interest of secured creditors in Cash Collateral. The Debtor business is stable and the Debtor can maintain its cash collateral level over the next six months.

15. The Debtor needs the Court to schedule a hearing as soon as possible to prevent irreparable harm.

THE DEBTOR'S URGENT NEED FOR USE OF CASH COLLATERAL

16. The Debtor is indebted to several banks who are participants in a credit facility agreement ("**Facility Agreement**") dated January 23, 2013 (**Exhibit B**) in which Deutsche Bank AG, Hong Kong Branch ("**DBAG**") is the lead bank. The indebtedness owed by the

Debtor pursuant to the Facility Agreement is secured by security interests and collateral as set forth in a security agreement dated January 23, 2013 (**Exhibit C**) between the Debtor and DB Trustees (Hong Kong) Limited ("**DB Trustees**") as security agent for the benefit of DBAG and participating lenders. The Debtor believes that DB Trustees and DBAG hold a first lien on the Debtor's cash collateral and, along with other participating banks, are the only parties entitled to adequate protection with respect to the cash collateral.

17. The Debtor owes DBAG and participating lenders approximately US$50,000,000 in the aggregate principal amount.

18. The Debtor is also indebted to Export-Import Bank of India ("**EXIM**") in the approximate principal amount of US$18,000,000 pursuant to a certain First Supplemental Dollar Credit Line Agreement dated January 25, 2012 (copy annexed hereto as **Exhibit D**").

19. The Debtor believes that EXIM may have a security interest but that its lien, if any, is inferior to that held by DBAG and is unsecured pursuant to section 505(a) of the Bankruptcy Code.

20. The Debtor requires use of Cash Collateral to pay operating expenses, including rent, payroll and related taxes, health insurance for employees, utilities, post-petition taxes, utilities, insurance premiums, and other expenses it incurs in the ordinary course of business as itemized in the Budget. Currently, the Debtor lacks sufficient unencumbered funds with which to operate its business on an ongoing basis.

21. The Debtor has an urgent and immediate need for cash to continue to operate pending efforts to reorganize. The Debtor's ability to use Cash Collateral to pay operating

expenses during the pendency of its chapter 11 case is essential to the Debtor's business, including for the maintenance of its business, meeting payroll, paying rent, utilities, and other normal expenses and to maximize the return on its assets for the benefit of its creditors. As the Debtor has no unencumbered funds, the Debtor requires the use of Cash Collateral to fund the day-to-day expenses of its operations, and to meet the costs and expenses of this chapter 11 case.

22. Unless the Court authorizes use of Cash Collateral, the Debtor will be unable to pay for services and expenses necessary to preserve and maximize the value of its assets, and will need to immediately cease operations and terminate the employment of employees. The Debtor believes that any such a result would lead to a substantially lower return on the value of the Debtor's assets.

23. Thus, authorization to use Cash Collateral, pending the Final Hearing, is in the best interests of the Debtor's estate and creditors.

RELIEF SOUGHT - REQUEST TO USE CASH COLLATERAL

24. Section 363(c)(2) of the Bankruptcy Code provides that a debtor may not use, sell or lease cash collateral unless "(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and hearing, authorizes such use, sale, or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2).

25. Section 363(e) of the Bankruptcy Code provides that "on request of an entity that has an interest in property. . . to be used, sold or leased, by the trustee, the court shall prohibit or condition such use, sale or lease as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e). Although the Bankruptcy Code does not define "adequate protection," section 361 of the Bankruptcy Code sets forth a non-exclusive list of

examples as to how adequate protection may be provided, including cash payments and replacement liens. See Resolution Trust Corp. v. Swedeland Dev. Group, Inc. (In re Swedeland Dev. Group, Inc.), 16 F.3d 552, 564 (3d Cir. 1994); In re Bekerindus. Corp., 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986). The determination of what constitutes adequate protection is made on a case-by-case basis. See Swedeland, 16 F.3d at 564. The purpose of adequate protection is to preserve a secured creditor's position and to protect the secured creditor from diminution of the value of its interest in collateral during the bankruptcy process. See Beker Indus., 58 B.R. at 736; see also In re Ledgmere Land Corp., 116 B.R. 338, 343 (Bankr. D. Mass. 1990).

26. In order to protect the secured parties from any diminution in value of their interests in the Cash Collateral during the pendency of the Debtor's chapter 11 case and avoid needless litigation with the secured parties, the Debtor proposes to provide to the adequate protection ("Proposed Adequate Protection") as described in the proposed Interim Cash Collateral Order.

27. The Proposed Adequate Protection is justified in order to protect the secured parties from any diminution in value of their interest in the cash collateral resulting from the use of the cash collateral and the imposition of the automatic stay. The Proposed Adequate Protection will sufficiently protect the interest of all secured parties.

28. Furthermore, as reflected in the Budget, the Debtor needs the liquidity from the use of the Cash Collateral, which it expects to generate in order to conduct its postpetition operations in a manner that minimizes disruption, while maximizing the value of its assets. Without the use of Cash Collateral, the Debtor will not be able to pay its direct operating expenses, with devastating effects to its restructuring efforts.

29. The Debtor submits that the terms of the use of Cash Collateral are fair and reasonable. Accordingly, the Court should approve the Debtor's use of the Cash Collateral pursuant to the terms set forth in the Interim Order.

INTERIM RELIEF SHOULD BE GRANTED

30. Bankruptcy Rule 4001(b) provides that a final hearing on a motion for authorization to use cash collateral may not be commenced earlier than 14 days after service of the motion. Upon request, however, the court may conduct a preliminary expedited hearing before such 14-day period expires and may authorize the use of cash collateral to the extent necessary to avoid immediate and irreparable harm to the estate pending a final hearing.

31. Pursuant to Bankruptcy Rule 4001 (b), the Debtor requests that the Court conduct an expedited preliminary hearing on this motion and: (a) authorize the Debtor to use the Cash Collateral in order to (i) maintain and finance the ongoing operations of the Debtor and (ii) avoid immediate and irreparable harm and prejudice to the Debtor's estate and all parties in interest; and (b) schedule a Final Hearing.

32. The Debtor will be immediately and irreparably harmed absent authorization from the Court to use Cash Collateral on an interim basis pending a Final Hearing.

33. It is critical that the Debtor maintains the confidence of employees, suppliers and customers, and to meet its obligations while it successfully restructures its business. Continued cash availability is essential to the Debtor's ability to achieve these goals.

34. Accordingly, this Court should enter an order authorizing the Debtor's use of Cash Collateral pursuant to the terms set forth in the proposed Interim Order pending the Final Hearing and schedule the Final Hearing pursuant to Bankruptcy Rule 4001.

35. No previous request for the relief sought herein has been made by the Debtor to this or any other court.

36. Based upon the foregoing, the Debtor submits that the Motion should be granted.

NOTICE

37. No trustee, examiner, or statutory creditors' committee has been appointed in these Chapter 11 cases. The Debtor has served notice of this motion upon the Office of the United States Trustee for the District of New Jersey, the Debtor's known secured creditors, and the Debtor's twenty largest creditors. The Debtors submit that no other or further notice need be provided.

WHEREFORE the Debtor respectfully requests that the Court enter an order authorizing it to use Cash Collateral to pay its operating expenses in the ordinary course as set forth in the Budget, and for such other and further relief as is equitable and just.

BROEGE, NEUMANN, FISCHER & SHAVER, LLC
Attorneys for Debtor Core Educational and Consulting Solutions, Inc.

By: /s/Timothy P. Neumann
TIMOTHY P. NEUMANN

VERIFICATION OF FACTUAL STATEMENTS

Pankaj Sampat, of full age, hereby certifies as follows:

1. I am the Chief Operating Officer of the Debtor in the above-captioned Chapter 11 proceeding.
2. I have read the above application.

3. I hereby certify that the statements of fact contained in the above application are true. I am aware that if the above statements are willfully false, I am subject to punishment.

/s/ *Pankaj Sampat*
Pankaj Sampat

Date: March 15, 2017